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UNITED STATES BANKRUPTCY COURT  
Southern District of New York

In re: Fusion Connect, Inc. *et al.*  
Debtors

Case No. 19-11811 (SMB) (Jointly Administered)  
Judge: Hon. Stuart M. Bernstein  
For the Period from: September 1, 2019 to September 30, 2019

Federal Tax I.D. # 58-2342021

DEBTORS' MONTHLY OPERATING REPORT SUMMARY

| REQUIRED DOCUMENTS   | Form No. | Document Attached | Explanation Attached | Affidavit/Supplement Attached |
|--|----------|-------------------|----------------------|-------------------------------|
| Schedule of Cash Receipts and Disbursements                                | MOR-1    | X                 |                      |                               |
| Bank Summary & Reconciliation (or copies of debtors' bank reconciliations) | MOR-1a   | X                 |                      |                               |
| Bank Account Activity  | MOR-1b   | X                 |                      |                               |
| Copies of bank statements  |          |                   |                      |                               |
| Cash disbursements journals  |          |                   |                      |                               |
| Income Statement   | MOR-2    | X                 |                      |                               |
| Balance Sheet  | MOR-3    | X                 |                      |                               |
| Status of Post-petition Taxes  | MOR-4    | X                 |                      |                               |
| Copies of IRS Form 6123 or payment receipt                                 |          |                   |                      |                               |
| Copies of tax returns filed during reporting period                        |          |                   |                      |                               |
| Summary of Unpaid Post-Petition Debts                                      | MOR-4    | X                 |                      |                               |
| Monthly Accounts Receivable Reconciliation and Aging                       | MOR-5    | X                 |                      |                               |
| Summary of Officer & Insider Compensation, Personnel And Insurance         | MOR-6    | X                 |                      |                               |
| Schedule of Estate Professionals   | MOR-7    | X                 |                      |                               |
| Calculation of U.S. Trustee Quarterly Fee                                  | MOR-8    | X                 |                      |                               |
| Debtors Questionnaire  | MOR-9    | X                 |                      |                               |

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

  
Keith Soldan, Chief Financial Officer

10/21/19  
Date

210 Interstate North Parkway, Suite 300, Atlanta, GA 30339  
Debtors' Address

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

|                                       |   |                                |
|---------------------------------------|---|--------------------------------|
| -----X                                | : |                                |
| In re                                 | : | <b>Chapter 11</b>              |
|                                       | : |                                |
| FUSION CONNECT, INC., <i>et al.</i> , | : | <b>Case No. 19-11811 (SMB)</b> |
|                                       | : |                                |
| Debtors. <sup>1</sup>                 | : | <b>(Jointly Administered)</b>  |
|                                       | : |                                |
| -----X                                |   |                                |

**GLOBAL NOTES AND STATEMENTS OF LIMITATIONS AND DISCLAIMERS  
REGARDING THE DEBTORS' MONTHLY OPERATING REPORTS**

On June 3, 2019 (the “**Commencement Date**”), Fusion Connect, Inc. and its U.S. subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**” or the “**Company**”), each commenced a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 3, 2019, the Bankruptcy Court entered an order authorizing the joint administration of these cases pursuant to Bankruptcy Rule 1015(b) (ECF No. 21). On June 18, 2019, the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the “**Creditors’ Committee**”) (ECF No. 98).

The Debtors are filing this consolidated monthly operating report (the “**MOR**”) solely for purposes of complying with the monthly operating requirements applicable in the Debtors’ chapter 11 cases. The MOR should not be relied upon by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates.

The following notes, statements, and limitations should be referred to, and referenced in connection with, any review of the MOR.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Fusion Connect, Inc. (2021); Fusion BCHI Acquisition LLC (7402); Fusion NBS Acquisition Corp. (4332); Fusion LLC (0994); Fusion MPHC Holding Corporation (3066); Fusion MPHC Group, Inc. (1529); Fusion Cloud Company LLC (5568); Fusion Cloud Services, LLC (3012); Fusion CB Holdings, Inc. (6526); Fusion Communications, LLC (8337); Fusion Telecom, LLC (0894); Fusion Texas Holdings, Inc. (2636); Fusion Telecom of Kansas, LLC (0075); Fusion Telecom of Oklahoma, LLC (3260); Fusion Telecom of Missouri, LLC (5329); Fusion Telecom of Texas Ltd., L.L.P. (8531); Bircan Holdings, LLC (2819); Fusion Management Services LLC (5597); and Fusion PM Holdings, Inc. (2478). The principal executive office of the Debtors is located at 210 Interstate North Parkway, Suite 300, Atlanta, Georgia 30339.

1. **Basis of Presentation.** For financial reporting purposes, the Debtors generally prepare consolidated financial statements, which include financial information for the Debtors and certain non-debtor affiliates. The financial statements and information contained herein are unaudited and reflect the Debtors' reasonable efforts to report certain financial information of each Debtor on a stand-alone, unconsolidated basis. The Debtors are maintaining their books and records in accordance with generally accepted accounting principles in the United States ("**GAAP**") and the information furnished in this MOR uses the Debtors' normal accrual method of accounting. In preparing the MOR, the Debtors relied on financial data derived from their books and records that was available at the time of preparation. Subsequent information or discovery may result in material changes to the MOR and errors or omissions may exist. Notwithstanding any such discovery, new information, or errors or omissions, the Debtors do not undertake any obligation or commitment to update the MOR.
2. **Reporting Period.** Unless otherwise noted herein, the MOR generally reflects the Debtors' books and records and financial activity occurring during the applicable reporting period. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the reporting period. The reporting period of this MOR is September 1, 2019 through September 30, 2019.
3. **Consolidated Entity Accounts Payable and Disbursement Systems.** As described in the Cash Management Motion,<sup>2</sup> the Debtors utilize an integrated, centralized cash management system in the ordinary course of business to collect, concentrate, and disburse funds generated by their operations (the "**Cash Management System**"). The Debtors maintain a consolidated accounts payable and disbursements system to pay operating and administrative expenses through various disbursement accounts.

In the ordinary course of business, the Debtors and certain non-debtor affiliates engage in intercompany transactions (the "**Intercompany Transactions**"), which result in intercompany receivables and payables (the "**Intercompany Claims**"). As set forth more fully in the Cash Management Motion, the primary Intercompany Transactions giving rise to Intercompany Claims are in connection with certain shared services, interest expense allocation, and operational support. Historically, Intercompany Claims are not settled by actual transfers of cash among the Debtors. Instead, the Debtors track all Intercompany Transactions in their accounting system, which concurrently are recorded on the applicable Debtor's balance sheets. Because the Debtors generally track and report their financial information on a consolidated basis some errors may exist and adjustments in future reporting may be necessary.

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<sup>2</sup> The "**Cash Management Motion**" means the *Motion of Debtors for (I) Authorization to (A) Continue Using Existing Cash Management System, Bank Accounts, and Business Forms, (B) Implement Changes to the Cash Management System in the Ordinary Course of Business, (C) Continue Intercompany Transactions, (D) Provide Administrative Expense Priority for Postpetition Intercompany Claims, (E) Extend Time to Comply with, or Seek Waiver of, 11 U.S.C. § 345(b), and (II) Related Relief* (ECF No. 4).

4. **Accuracy.** Although the Debtors have made good faith reasonable efforts to file a complete and accurate MOR, inadvertent errors or omissions may exist. The Debtors reserve all rights to amend and/or supplement the MOR as is necessary or appropriate. The financial information disclosed herein was not prepared in accordance with federal or state securities laws or other applicable non-bankruptcy law or in lieu of complying with any periodic reporting requirements thereunder. Persons and entities trading in or otherwise purchasing, selling, or transferring the claims against or equity interests in the Debtors should evaluate this financial information in light of the purposes for which it was prepared. The Debtors are not liable for and undertake no responsibility to indicate variations from securities laws or for any evaluations of the Debtors based on this financial information or any other information.
5. **Payment of Prepetition Claims Pursuant to First Day Orders.** Following the Commencement Date, the Bankruptcy Court entered various orders (collectively, the “**First Day Orders**”) authorizing the Debtors to, among other things, pay certain prepetition: (a) service fees and charges assessed by the Debtors’ banks and debit and credit card companies; (b) insurance and surety bond obligations; (c) obligations to critical vendors; (d) customer program obligations; (e) employee wages, salaries, and related items (including, but not limited to, employee benefit programs and independent contractor obligations); and (f) taxes and assessments. To the extent any adjustments are necessary for any payments made on account of such claims following the commencement of these chapter 11 cases pursuant to the authority granted to the Debtors by the Bankruptcy Court under the First Day Orders, such adjustments have been included in the MOR unless otherwise noted.
6. **Debtor in Possession Financing.** Pursuant to the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* (ECF No. 160) (the “**Final DIP Order**”), all principal amounts outstanding under the Debtors’ Prepetition Super Senior Credit Facility (as defined in the Final DIP Order) were refinanced dollar-for-dollar and discharged by the DIP Roll-Up Loans (as defined in the Final DIP Order), subject to customary challenge periods. The Final DIP Order provides for a superpriority term loan facility consisting of (i) new money term loans in the aggregate principal amount of \$39.5 million (the “**New Money Loans**”) and (ii) “roll-up” term loans in an aggregate principal amount of up to \$20.0 million representing the roll-up, on a dollar-for-dollar basis, of the aggregate outstanding principal amount of loans under that certain Super Senior Secured Credit Agreement, dated as of May 9, 2019. \$20.0 million of the New Money Loans were funded on June 7, 2019, with the remaining \$19.5 million funded on or about July 11, 2019.
7. **Liabilities Subject to Compromise.** The Debtors have not finalized their analysis of liabilities that may be subject to compromise, and hereby expressly reserve all rights to reclassify, estimate, and/or change any amounts to denote such amounts as liabilities subject to compromise in the future.

8. **Debtors' Reservation of Rights.** The Debtors reserve all rights to amend or supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtors' rights or an admission with respect to their chapter 11 cases.

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1 – Schedule of Cash Receipts and Disbursements

| Schedule of Receipts and Disbursements                       | 19-11811               | 19-11814                   | 19-11815                   | 19-11828              | 19-11830                 |                        |                         |
|--|------------------------|----------------------------|----------------------------|-----------------------|--------------------------|------------------------|-------------------------|
| Debtor Entity (\$USD Actual) <sup>(1), (2)</sup>             | Fusion Connect, Inc.   | Fusion Cloud Services, LLC | Fusion Communications, LLC | Fusion LLC            | Fusion Cloud Company LLC | Current Period         | Case-to-Date            |
| <b>Cash – Beginning of Month</b>                             | \$ 51,448,048          | \$ 5,070                   | \$ 23,817                  | \$ 6,574,219          | \$ 869,507               | \$ 58,920,661          | \$ 3,335,496            |
| Sales Receipts   | -                      | 22,780,114                 | 30,557                     | 9,586,896             | 7,538,467                | 39,936,033             | 162,553,406             |
| Other Receipts   | 163,642                | -                          | -                          | -                     | -                        | 163,642                | 245,140                 |
| <b>Total Receipts</b>  | <b>163,642</b>         | <b>22,780,114</b>          | <b>30,557</b>              | <b>9,586,896</b>      | <b>7,538,467</b>         | <b>40,099,675</b>      | <b>162,798,546</b>      |
| <b>Total Funds Available for Operations</b>                  | <b>\$ 51,611,690</b>   | <b>\$ 22,785,184</b>       | <b>\$ 54,373</b>           | <b>\$ 16,161,115</b>  | <b>\$ 8,407,974</b>      | <b>\$ 99,020,336</b>   | <b>\$ 166,134,042</b>   |
| Payroll & Labor Related                                      | (5,136,512)            | -                          | -                          | -                     | -                        | (5,136,512)            | (21,059,152)            |
| Payroll Taxes  | (1,384,163)            | -                          | -                          | -                     | -                        | (1,384,163)            | (5,624,495)             |
| Sales, Use & Other Taxes                                     | (4,445,526)            | -                          | -                          | -                     | -                        | (4,445,526)            | (14,311,983)            |
| Telco  | (17,632,333)           | -                          | -                          | (1,219,220)           | (1,304,945)              | (20,156,498)           | (68,935,137)            |
| OTM  | (2,545,395)            | -                          | -                          | -                     | -                        | (2,545,395)            | (10,461,201)            |
| Rent   | (1,003,481)            | -                          | -                          | -                     | -                        | (1,003,481)            | (4,201,579)             |
| Capital Lease  | (60,620)               | -                          | -                          | -                     | -                        | (60,620)               | (986,260)               |
| Information Technology                                       | (973,546)              | -                          | -                          | -                     | -                        | (973,546)              | (2,724,503)             |
| CC Payments & Fees   | (262,584)              | (691)                      | (4,453)                    | (26,884)              | (22,118)                 | (316,730)              | (1,022,947)             |
| Ordinary Course Professionals                                | (259,079)              | -                          | -                          | -                     | -                        | (259,079)              | (523,163)               |
| General & Administrative                                     | (451,353)              | (30,564)                   | -                          | (69,500)              | (3,107)                  | (554,524)              | (2,346,191)             |
| <b>Total Operating Disbursements</b>                         | <b>(34,154,590)</b>    | <b>(31,255)</b>            | <b>(4,453)</b>             | <b>(1,315,604)</b>    | <b>(1,330,170)</b>       | <b>(36,836,072)</b>    | <b>(132,196,609)</b>    |
| <b>Total Operating Change</b>                                | <b>17,457,100</b>      | <b>22,753,928</b>          | <b>49,921</b>              | <b>14,845,511</b>     | <b>7,077,804</b>         | <b>62,184,263</b>      | <b>33,937,434</b>       |
| Restructuring Professional Fees                              | (4,454,636)            | -                          | -                          | -                     | -                        | (4,454,636)            | (8,770,227)             |
| Interest and Fees  | (630,648)              | -                          | -                          | -                     | -                        | (630,648)              | (1,940,024)             |
| DIP Fees   | -                      | -                          | -                          | -                     | -                        | -                      | (1,975,000)             |
| Critical Vendor / 503(b)(9)                                  | -                      | -                          | -                          | -                     | -                        | -                      | (3,188,783)             |
| <b>Total Non-Operating &amp; Restructuring Disbursements</b> | <b>(5,085,284)</b>     | <b>-</b>                   | <b>-</b>                   | <b>-</b>              | <b>-</b>                 | <b>(5,085,284)</b>     | <b>(15,874,034)</b>     |
| <b>Total Disbursements</b>                                   | <b>\$ (39,239,874)</b> | <b>\$ (31,255)</b>         | <b>\$ (4,453)</b>          | <b>\$ (1,315,604)</b> | <b>\$ (1,330,170)</b>    | <b>\$ (41,921,356)</b> | <b>\$ (148,070,643)</b> |
| Intercompany   | 39,666,897             | (22,724,626)               | (0)                        | (10,889,253)          | (6,053,018)              | (0)                    | (0)                     |
| Revolver Borrowing/(Repayment)                               | -                      | -                          | -                          | -                     | -                        | -                      | 39,500,000              |
| Customer Deposits Returned                                   | -                      | (12,887)                   | -                          | (3,170)               | (7,972)                  | (24,028)               | (342,506)               |
| US Trustee Fees  | -                      | -                          | -                          | -                     | -                        | -                      | (145,942)               |
| <b>Total Other Disbursements/Adjustments</b>                 | <b>39,666,897</b>      | <b>(22,737,513)</b>        | <b>(0)</b>                 | <b>(10,892,423)</b>   | <b>(6,060,990)</b>       | <b>(24,028)</b>        | <b>39,011,552</b>       |
| <b>Ending Balance</b>  | <b>\$ 52,038,713</b>   | <b>\$ 16,415</b>           | <b>\$ 49,921</b>           | <b>\$ 3,953,088</b>   | <b>\$ 1,016,814</b>      | <b>\$ 57,074,951</b>   | <b>\$ 57,074,951</b>    |

<sup>(1)</sup> Debtor entities not included in the above schedule do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1a – Bank Summary & Reconciliation

| Monthly Bank Summary       |          |                 |           |                    |                      |                      |                       |
|----------------------------|----------|-----------------|-----------|--------------------|----------------------|----------------------|-----------------------|
| Company                    | Case #   | Bank            | Account # | Purpose of Account | Beginning Balance    | Ending Balance       | Change in Cash        |
| Fusion Connect, Inc.       | 19-11811 | East West Bank  | 8715      | Not in use         | \$ –                 | \$ –                 | \$ –                  |
| Fusion Connect, Inc.       | 19-11811 | East West Bank  | 5634      | Collections        | 11,096               | 3,194                | (7,902)               |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0333      | Concentration      | 13,911,952           | 14,510,520           | 598,567               |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0317      | Disbursement       | –                    | –                    | –                     |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0325      | Disbursement       | –                    | –                    | –                     |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0218      | DDA                | –                    | –                    | –                     |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0655      | DIP Account        | 37,525,000           | 37,525,000           | – <sup>(1)</sup>      |
| Fusion Cloud Services, LLC | 19-11814 | Bank of America | 2842      | Collections        | 5,070                | 16,415               | 11,346                |
| Fusion Cloud Services, LLC | 19-11814 | PNC             | 1332      | Collections        | –                    | –                    | –                     |
| Fusion Cloud Services, LLC | 19-11814 | Union Bank      | 0309      | Collections        | –                    | –                    | –                     |
| Fusion Communications, LLC | 19-11815 | Bank of America | 5370      | Collections        | –                    | –                    | –                     |
| Fusion Communications, LLC | 19-11815 | Bank of America | 1912      | Collections        | 6,665                | 30,668               | 24,003                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 0808      | Not in use         | –                    | –                    | –                     |
| Fusion Communications, LLC | 19-11815 | Bank of America | 2846      | Collections        | 5,000                | 5,000                | –                     |
| Fusion Communications, LLC | 19-11815 | Bank of America | 3257      | Not in use         | 5,000                | 5,000                | –                     |
| Fusion Communications, LLC | 19-11815 | US Bank         | 8587      | Disbursement       | 859                  | 185                  | (674)                 |
| Fusion Communications, LLC | 19-11815 | US Bank         | 6283      | Collections        | 6,292                | 9,067                | 2,775                 |
| Fusion LLC                 | 19-11828 | East West Bank  | 5824      | Disbursement       | 6,574,219            | 3,953,088            | (2,621,131)           |
| Fusion LLC                 | 19-11828 | Union Bank      | 0761      | Collections        | –                    | –                    | –                     |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 1353      | Concentration      | 98,265               | 200,516              | 102,251               |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 8201      | Disbursement       | 771,243              | 816,298              | 45,055                |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 8277      | Collections        | –                    | 0                    | 0                     |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 3995      | Not in use         | –                    | –                    | – <sup>(2)</sup>      |
| Fusion Cloud Company LLC   | 19-11830 | Union Bank      | 0663      | Collections        | –                    | –                    | –                     |
| <b>Total</b>               |          |                 |           |                    | <b>\$ 58,920,661</b> | <b>\$ 57,074,951</b> | <b>\$ (1,845,709)</b> |

<sup>(1)</sup> Ending cash balance includes \$19.5mm of restricted cash

<sup>(2)</sup> Bank account closed 9/18/2019

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1a – Bank Summary & Reconciliation

Monthly Book to Bank Reconciliation

| Company                    | Case #   | Bank            | Account # | Purpose of Account | Bank Balance         | Book Balance         | Variance <sup>(1)</sup> | Reconciled         |
|----------------------------|----------|-----------------|-----------|--------------------|----------------------|----------------------|-------------------------|--------------------|
| Fusion Connect, Inc.       | 19-11811 | East West Bank  | 8715      | Not in use         | \$ -                 | \$ -                 | \$ -                    | Yes                |
| Fusion Connect, Inc.       | 19-11811 | East West Bank  | 5634      | Collections        | 3,194                | 3,194                | -                       | Yes                |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0333      | Concentration      | 14,510,520           | 14,510,520           | -                       | Yes                |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0317      | Disbursement       | -                    | -                    | -                       | Yes                |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0325      | Disbursement       | -                    | (906,673)            | (906,673)               | Yes                |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0218      | DDA                | -                    | -                    | -                       | Yes                |
| Fusion Connect, Inc.       | 19-11811 | Union Bank      | 0655      | DIP Account        | 37,525,000           | 37,525,000           | -                       | Yes                |
| Fusion Cloud Services, LLC | 19-11814 | Bank of America | 2842      | Collections        | 16,415               | 16,415               | -                       | Yes                |
| Fusion Cloud Services, LLC | 19-11814 | PNC             | 1332      | Collections        | -                    | -                    | -                       | Yes                |
| Fusion Cloud Services, LLC | 19-11814 | Union Bank      | 0309      | Collections        | -                    | -                    | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 5370      | Collections        | -                    | -                    | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 1912      | Collections        | 30,668               | 30,668               | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 0808      | Not in use         | -                    | -                    | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 2846      | Collections        | 5,000                | 5,000                | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | Bank of America | 3257      | Not in use         | 5,000                | 5,000                | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | US Bank         | 8587      | Disbursement       | 185                  | 185                  | -                       | Yes                |
| Fusion Communications, LLC | 19-11815 | US Bank         | 6283      | Collections        | 9,067                | 9,067                | -                       | Yes                |
| Fusion LLC                 | 19-11828 | East West Bank  | 5824      | Disbursement       | 3,953,088            | 3,946,129            | (6,959)                 | Yes                |
| Fusion LLC                 | 19-11828 | Union Bank      | 0761      | Collections        | -                    | -                    | -                       | Yes                |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 1353      | Concentration      | 200,516              | 200,516              | -                       | Yes                |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 8201      | Disbursement       | 816,298              | 790,320              | (25,978)                | Yes                |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 8277      | Collections        | 0                    | -                    | (0)                     | Yes                |
| Fusion Cloud Company LLC   | 19-11830 | East West Bank  | 3995      | Not in use         | -                    | -                    | -                       | Yes <sup>(2)</sup> |
| Fusion Cloud Company LLC   | 19-11830 | Union Bank      | 0663      | Collections        | -                    | 1,649                | 1,649                   | Yes                |
| <b>Total</b>               |          |                 |           |                    | <b>\$ 57,074,951</b> | <b>\$ 56,136,990</b> | <b>\$ (937,961)</b>     |                    |

<sup>(1)</sup> Differences between bank balances and ledger balances are due to activity such as (i) outstanding checks not yet funded as of period-end, and (ii) ledger deposits-in-transit as of period-end

<sup>(2)</sup> Bank account closed 9/18/2019



In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
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MOR-1b – Bank Account Activity

|  | 19-11811             | 19-11811             | 19-11811             | 19-11811             | 19-11811             | 19-11811             | 19-11811             |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Account #  | 8715                 | 5634                 | 0333                 | 0317                 | 0325                 | 0218                 | 0655                 |
| Bank   | East West Bank       | East West Bank       | Union Bank           | Union Bank           | Union Bank           | Union Bank           | Union Bank           |
| Debtor Entity (\$USD Actual) <sup>(1), (2)</sup>             | Fusion Connect, Inc. | Fusion Connect, Inc. | Fusion Connect, Inc. | Fusion Connect, Inc. | Fusion Connect, Inc. | Fusion Connect, Inc. | Fusion Connect, Inc. |
| <b>Cash – Beginning of Month</b>                             | \$ -                 | \$ 11,096            | \$ 13,911,952        | \$ -                 | \$ -                 | \$ -                 | \$ 37,525,000        |
| Sales Receipts   | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Other Receipts   | -                    | -                    | -                    | 200                  | 163,442              | -                    | -                    |
| <b>Total Receipts</b>  | -                    | -                    | -                    | 200                  | 163,442              | -                    | -                    |
| <b>Total Funds Available for Operations</b>                  | \$ -                 | \$ 11,096            | \$ 13,911,952        | \$ 200               | \$ 163,442           | \$ -                 | \$ 37,525,000        |
| Payroll & Labor Related                                      | -                    | -                    | -                    | (3,369,544)          | (1,766,968)          | -                    | -                    |
| Payroll Taxes  | -                    | -                    | -                    | (1,383,428)          | (734)                | -                    | -                    |
| Sales, Use & Other Taxes                                     | -                    | -                    | -                    | -                    | (4,445,526)          | -                    | -                    |
| Telco  | -                    | -                    | -                    | -                    | (17,632,333)         | -                    | -                    |
| OTM  | -                    | -                    | -                    | -                    | (2,545,395)          | -                    | -                    |
| Rent   | -                    | -                    | -                    | -                    | (1,003,481)          | -                    | -                    |
| Capital Lease  | -                    | -                    | -                    | -                    | (60,620)             | -                    | -                    |
| Information Technology                                       | -                    | -                    | -                    | -                    | (973,546)            | -                    | -                    |
| CC Payments & Fees   | -                    | -                    | -                    | -                    | (262,584)            | -                    | -                    |
| Ordinary Course Professionals                                | -                    | -                    | -                    | -                    | (259,079)            | -                    | -                    |
| General & Administrative                                     | -                    | (7,902)              | -                    | -                    | (443,451)            | -                    | -                    |
| <b>Total Operating Disbursements</b>                         | -                    | (7,902)              | -                    | (4,752,972)          | (29,393,716)         | -                    | -                    |
| <b>Total Operating Change</b>                                | -                    | 3,194                | 13,911,952           | (4,752,772)          | (29,230,274)         | -                    | 37,525,000           |
| Restructuring Professional Fees                              | -                    | -                    | -                    | -                    | (4,454,636)          | -                    | -                    |
| Interest and Fees  | -                    | -                    | -                    | -                    | (630,648)            | -                    | -                    |
| DIP Fees   | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Critical Vendor / 503(b)(9)                                  | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total Non-Operating &amp; Restructuring Disbursements</b> | -                    | -                    | -                    | -                    | (5,085,284)          | -                    | -                    |
| <b>Total Disbursements</b>                                   | \$ -                 | \$ (7,902)           | \$ -                 | \$ (4,752,972)       | \$ (34,479,000)      | \$ -                 | \$ -                 |
| Intercompany   | -                    | -                    | 598,567              | 4,752,772            | 34,315,558           | -                    | -                    |
| Revolver Borrowing/(Repayment)                               | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Customer Deposits Returned                                   | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| US Trustee Fees  | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| <b>Total Other Disbursements/Adjustments</b>                 | -                    | -                    | 598,567              | 4,752,772            | 34,315,558           | -                    | -                    |
| <b>Ending Balance</b>  | \$ -                 | \$ 3,194             | \$ 14,510,520        | \$ -                 | \$ -                 | \$ -                 | \$ 37,525,000        |

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1b – Bank Account Activity

| Account #  | 19-11814                      | 19-11814                      | 19-11814                      | 19-11815                  | 19-11815                  | 19-11815                  | 19-11815                  |
|--|-------------------------------|-------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Bank   | 2842                          | 1332                          | 0309                          | 5370                      | 1912                      | 0808                      | 2846                      |
|  | Bank of America               | PNC                           | Union Bank                    | Bank of America<br>Fusion | Bank of America<br>Fusion | Bank of America<br>Fusion | Bank of America<br>Fusion |
| Debtor Entity (\$USD Actual) <sup>(1), (2)</sup>             | Fusion Cloud<br>Services, LLC | Fusion Cloud<br>Services, LLC | Fusion Cloud<br>Services, LLC | Communications,<br>LLC    | Communications,<br>LLC    | Communications,<br>LLC    | Communications,<br>LLC    |
| <b>Cash – Beginning of Month</b>                             | \$ 5,070                      | \$ -                          | \$ -                          | \$ -                      | \$ 6,665                  | \$ -                      | \$ 5,000                  |
| Sales Receipts   | 12,037                        | -                             | 22,768,077                    | 10                        | 1,113                     | -                         | 26,658                    |
| Other Receipts   | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| <b>Total Receipts</b>  | <b>12,037</b>                 | <b>-</b>                      | <b>22,768,077</b>             | <b>10</b>                 | <b>1,113</b>              | <b>-</b>                  | <b>26,658</b>             |
| <b>Total Funds Available for Operations</b>                  | <b>\$ 17,107</b>              | <b>\$ -</b>                   | <b>\$ 22,768,077</b>          | <b>\$ 10</b>              | <b>\$ 7,779</b>           | <b>\$ -</b>               | <b>\$ 31,658</b>          |
| Payroll & Labor Related                                      | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Payroll Taxes  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Sales, Use & Other Taxes                                     | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Telco  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| OTM  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Rent   | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Capital Lease  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Information Technology                                       | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| CC Payments & Fees   | (691)                         | -                             | -                             | -                         | (1,645)                   | (85)                      | (2,048)                   |
| Ordinary Course Professionals                                | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| General & Administrative                                     | -                             | -                             | (30,564)                      | -                         | -                         | -                         | -                         |
| <b>Total Operating Disbursements</b>                         | <b>(691)</b>                  | <b>-</b>                      | <b>(30,564)</b>               | <b>-</b>                  | <b>(1,645)</b>            | <b>(85)</b>               | <b>(2,048)</b>            |
| <b>Total Operating Change</b>                                | <b>16,415</b>                 | <b>-</b>                      | <b>22,737,513</b>             | <b>10</b>                 | <b>6,134</b>              | <b>(85)</b>               | <b>29,610</b>             |
| Restructuring Professional Fees                              | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Interest and Fees  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| DIP Fees   | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Critical Vendor / 503(b)(9)                                  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| <b>Total Non-Operating &amp; Restructuring Disbursements</b> | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  |
| <b>Total Disbursements</b>                                   | <b>\$ (691)</b>               | <b>\$ -</b>                   | <b>\$ (30,564)</b>            | <b>\$ -</b>               | <b>\$ (1,645)</b>         | <b>\$ (85)</b>            | <b>\$ (2,048)</b>         |
| Intercompany   | -                             | -                             | (22,724,626)                  | (10)                      | 24,534                    | 85                        | (24,610)                  |
| Revolver Borrowing/(Repayment)                               | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| Customer Deposits Returned                                   | -                             | -                             | (12,887)                      | -                         | -                         | -                         | -                         |
| US Trustee Fees  | -                             | -                             | -                             | -                         | -                         | -                         | -                         |
| <b>Total Other Disbursements/Adjustments</b>                 | <b>-</b>                      | <b>-</b>                      | <b>(22,737,513)</b>           | <b>(10)</b>               | <b>24,534</b>             | <b>85</b>                 | <b>(24,610)</b>           |
| <b>Ending Balance</b>  | <b>\$ 16,415</b>              | <b>\$ -</b>                   | <b>\$ -</b>                   | <b>\$ -</b>               | <b>\$ 30,668</b>          | <b>\$ -</b>               | <b>\$ 5,000</b>           |

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1b – Bank Account Activity

| Account #  | 19-11815  | 19-11815  | 19-11815  | 19-11828                             | 19-11828                         | 19-11830  | 19-11830  |
|--|---|---|---|--------------------------------------|----------------------------------|---|---|
| Bank   | 3257<br>Bank of America<br>Fusion<br>Communications,<br>LLC | 8587<br>US Bank<br>Fusion<br>Communications,<br>LLC | 6283<br>US Bank<br>Fusion<br>Communications,<br>LLC | 5824<br>East West Bank<br>Fusion LLC | 0761<br>Union Bank<br>Fusion LLC | 1353<br>East West Bank<br>Fusion Cloud<br>Company LLC | 8201<br>East West Bank<br>Fusion Cloud<br>Company LLC |
| Debtor Entity (\$USD Actual) <sup>(1), (2)</sup>             |   |   |   |                                      |                                  |   |   |
| <b>Cash – Beginning of Month</b>                             | \$ 5,000  | \$ 859  | \$ 6,292  | \$ 6,574,219                         | \$ -                             | \$ 98,265   | \$ 771,243  |
| Sales Receipts   | -   | -   | 2,775   | 4,598,089                            | 4,988,807                        | -   | -   |
| Other Receipts   | -   | -   | -   | -                                    | -                                | -   | -   |
| <b>Total Receipts</b>  | -   | -   | 2,775   | 4,598,089                            | 4,988,807                        | -   | -   |
| <b>Total Funds Available for Operations</b>                  | \$ 5,000  | \$ 859  | \$ 9,067  | \$ 11,172,308                        | \$ 4,988,807                     | \$ 98,265   | \$ 771,243  |
| Payroll & Labor Related                                      | -   | -   | -   | -                                    | -                                | -   | -   |
| Payroll Taxes  | -   | -   | -   | -                                    | -                                | -   | -   |
| Sales, Use & Other Taxes                                     | -   | -   | -   | -                                    | -                                | -   | -   |
| Telco  | -   | -   | -   | (1,219,220)                          | -                                | -   | (1,304,945)   |
| OTM  | -   | -   | -   | -                                    | -                                | -   | -   |
| Rent   | -   | -   | -   | -                                    | -                                | -   | -   |
| Capital Lease  | -   | -   | -   | -                                    | -                                | -   | -   |
| Information Technology                                       | -   | -   | -   | -                                    | -                                | -   | -   |
| CC Payments & Fees   | -   | (674)   | -   | -                                    | (26,884)                         | -   | -   |
| Ordinary Course Professionals                                | -   | -   | -   | -                                    | -                                | -   | -   |
| General & Administrative                                     | -   | -   | -   | -                                    | (69,500)                         | (1,275)   | -   |
| <b>Total Operating Disbursements</b>                         | -   | (674)   | -   | (1,219,220)                          | (96,384)                         | (1,275)   | (1,304,945)   |
| <b>Total Operating Change</b>                                | 5,000   | 185   | 9,067   | 9,953,088                            | 4,892,423                        | 96,990  | (533,702)   |
| Restructuring Professional Fees                              | -   | -   | -   | -                                    | -                                | -   | -   |
| Interest and Fees  | -   | -   | -   | -                                    | -                                | -   | -   |
| DIP Fees   | -   | -   | -   | -                                    | -                                | -   | -   |
| Critical Vendor / 503(b)(9)                                  | -   | -   | -   | -                                    | -                                | -   | -   |
| <b>Total Non-Operating &amp; Restructuring Disbursements</b> | -   | -   | -   | -                                    | -                                | -   | -   |
| <b>Total Disbursements</b>                                   | \$ -  | \$ (674)  | \$ -  | \$ (1,219,220)                       | \$ (96,384)                      | \$ (1,275)  | \$ (1,304,945)  |
| Intercompany   | -   | -   | -   | (6,000,000)                          | (4,889,253)                      | 103,526   | 1,350,000   |
| Revolver Borrowing/(Repayment)                               | -   | -   | -   | -                                    | -                                | -   | -   |
| Customer Deposits Returned                                   | -   | -   | -   | -                                    | (3,170)                          | -   | -   |
| US Trustee Fees  | -   | -   | -   | -                                    | -                                | -   | -   |
| <b>Total Other Disbursements/Adjustments</b>                 | -   | -   | -   | (6,000,000)                          | (4,892,423)                      | 103,526   | 1,350,000   |
| <b>Ending Balance</b>  | \$ 5,000  | \$ 185  | \$ 9,067  | \$ 3,953,088                         | \$ -                             | \$ 200,516  | \$ 816,298  |

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-1b – Bank Account Activity

| Account #<br>Bank<br><br>Debtor Entity (\$USD Actual) <sup>(1), (2)</sup> | 19-11830          | 19-11830       | 19-11830            |                        |                         |
|---|-------------------|----------------|---------------------|------------------------|-------------------------|
|   | 8277              | 3995           | 0663                |                        |                         |
|   | East West Bank    | East West Bank | Union Bank          |                        |                         |
|   | Fusion Cloud      | Fusion Cloud   | Fusion Cloud        | Current Period         | Case-to-Date            |
|   | Company LLC       | Company LLC    | Company LLC         |                        |                         |
| <b>Cash – Beginning of Month</b>  | \$ -              | \$ -           | \$ -                | \$ 58,920,661          | \$ 3,335,496            |
| Sales Receipts  | 103,526           | -              | 7,434,941           | 39,936,033             | 162,553,406             |
| Other Receipts  | -                 | -              | -                   | 163,642                | 245,140                 |
| <b>Total Receipts</b>   | <b>103,526</b>    | <b>-</b>       | <b>7,434,941</b>    | <b>40,099,675</b>      | <b>162,798,546</b>      |
| <b>Total Funds Available for Operations</b>                               | <b>\$ 103,526</b> | <b>\$ -</b>    | <b>\$ 7,434,941</b> | <b>\$ 99,020,336</b>   | <b>\$ 166,134,042</b>   |
| Payroll & Labor Related   | -                 | -              | -                   | (5,136,512)            | (21,059,152)            |
| Payroll Taxes   | -                 | -              | -                   | (1,384,163)            | (5,624,495)             |
| Sales, Use & Other Taxes  | -                 | -              | -                   | (4,445,526)            | (14,311,983)            |
| Telco   | -                 | -              | -                   | (20,156,498)           | (68,935,137)            |
| OTM   | -                 | -              | -                   | (2,545,395)            | (10,461,201)            |
| Rent  | -                 | -              | -                   | (1,003,481)            | (4,201,579)             |
| Capital Lease   | -                 | -              | -                   | (60,620)               | (986,260)               |
| Information Technology  | -                 | -              | -                   | (973,546)              | (2,724,503)             |
| CC Payments & Fees  | -                 | -              | (22,118)            | (316,730)              | (1,022,947)             |
| Ordinary Course Professionals   | -                 | -              | -                   | (259,079)              | (523,163)               |
| General & Administrative  | -                 | -              | (1,833)             | (554,524)              | (2,346,191)             |
| <b>Total Operating Disbursements</b>                                      | <b>-</b>          | <b>-</b>       | <b>(23,951)</b>     | <b>(36,836,072)</b>    | <b>(132,196,609)</b>    |
| <b>Total Operating Change</b>   | <b>103,526</b>    | <b>-</b>       | <b>7,410,990</b>    | <b>62,184,263</b>      | <b>33,937,434</b>       |
| Restructuring Professional Fees   | -                 | -              | -                   | (4,454,636)            | (8,770,227)             |
| Interest and Fees   | -                 | -              | -                   | (630,648)              | (1,940,024)             |
| DIP Fees  | -                 | -              | -                   | -                      | (1,975,000)             |
| Critical Vendor / 503(b)(9)   | -                 | -              | -                   | -                      | (3,188,783)             |
| <b>Total Non-Operating &amp; Restructuring Disbursements</b>              | <b>-</b>          | <b>-</b>       | <b>-</b>            | <b>(5,085,284)</b>     | <b>(15,874,034)</b>     |
| <b>Total Disbursements</b>  | <b>\$ -</b>       | <b>\$ -</b>    | <b>\$ (23,951)</b>  | <b>\$ (41,921,356)</b> | <b>\$ (148,070,643)</b> |
| Intercompany  | (103,526)         | -              | (7,403,018)         | (0)                    | (0)                     |
| Revolver Borrowing/(Repayment)  | -                 | -              | -                   | -                      | 39,500,000              |
| Customer Deposits Returned  | -                 | -              | (7,972)             | (24,028)               | (342,506)               |
| US Trustee Fees   | -                 | -              | -                   | -                      | (145,942)               |
| <b>Total Other Disbursements/Adjustments</b>                              | <b>(103,526)</b>  | <b>-</b>       | <b>(7,410,990)</b>  | <b>(24,028)</b>        | <b>39,011,552</b>       |
| <b>Ending Balance</b>   | <b>\$ 0</b>       | <b>\$ -</b>    | <b>\$ -</b>         | <b>\$ 57,074,951</b>   | <b>\$ 57,074,951</b>    |

<sup>(1)</sup> Debtor entities not included in the above do not maintain bank accounts

<sup>(2)</sup> Schedule of receipts and disbursements includes Debtor entities and does not include cash or activity related to the Debtor's Canadian subsidiaries

MOR-2 – Income Statement

| Income Statement                                    |                        |
|---|------------------------|
| \$USD Actual  | Current Period         |
| Revenue   | \$ 36,684,854          |
| Cost of Revenue                                     | 20,350,204             |
| <b>Gross Profit</b>                                 | <b>16,334,650</b>      |
| Gross Margin  | 44.5%                  |
| <b>Operating costs:</b>                             |                        |
| Selling, General and Administrative                 | 9,792,581              |
| Share-based compensation expense                    | 542,035                |
| Non-recurring expense                               | 6,561,330              |
| Depreciation & amortization                         | 4,436,295              |
| Foreign currency (gain) loss                        | —                      |
| <b>Total operating expenses</b>                     | <b>21,332,241</b>      |
| <b>Operating income (loss)</b>                      | <b>(4,997,590)</b>     |
| Interest expense                                    | (6,832,711)            |
| Other income (expense)                              | 767,843                |
| <b>Total other expense</b>                          | <b>(6,064,868)</b>     |
| <b>Income (loss) before income taxes</b>            | <b>(11,062,458)</b>    |
| Income tax benefit (expense)                        | (12,550)               |
| <b>Net income (loss) from continuing operations</b> | <b>(11,075,008)</b>    |
| Net Income (loss) from discontinued operations      | (749,996)              |
| <b>Net income (loss)</b>                            | <b>\$ (11,825,004)</b> |

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

**MOR-3 – Balance Sheet**

| Balance Sheet  |                       |
|--|-----------------------|
| \$USD Actual   | Current Period        |
| <b>Current Assets</b>  |                       |
| Cash   | \$ 56,136,990         |
| Other Cash & Equivalents   | (97,565)              |
| Accounts Receivable, Trade   | 35,195,470            |
| Accounts Receivable, Other, Net of Allowance for Doubtful Accounts | 10,534,442            |
| Prepaid Expenses   | 13,396,128            |
| Inventory, Net   | 3,670,539             |
| Other Assets   | 6,647,949             |
| <b>Total Current Assets</b>  | <b>125,483,952</b>    |
| <b>NON-CURRENT ASSETS</b>  |                       |
| Fixed Assets, Net  | 94,718,317            |
| Goodwill   | 218,396,702           |
| Intangible Assets, Net   | 147,690,727           |
| Other Non-Current Other Assets                                     | 32,158,585            |
| <b>Total Non-Current Assets</b>                                    | <b>492,964,330</b>    |
| <b>Total Assets</b>  | <b>\$ 618,448,282</b> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>                         |                       |
| <b>Current Liabilities</b>   |                       |
| Accounts Payable   | 85,320,317            |
| Accrued Telecommunications Costs                                   | 9,797,234             |
| Deferred Customer Revenue  | 12,886,306            |
| Other Accrued Liabilities  | 17,912,461            |
| Current Portion of Operating Leases                                | 2,990,534             |
| Current Portion of Capital Leases                                  | 5,496,248             |
| Current Portion of Long-Term Debt                                  | 737,885,214           |
| <b>Total Current Liabilities</b>                                   | <b>872,288,315</b>    |
| <b>Non-Current Liabilities</b>                                     |                       |
| Non-Current Portion of Long-Term Debt                              | 9,840,931             |
| Non-Current Portion of Operating Leases                            | 12,464,191            |
| Non-Current Portion of Long-Term Capital Lease                     | 7,949,406             |
| Other Non-Current Liabilities                                      | 4,002,883             |
| <b>Total Non-Current Liabilities</b>                               | <b>34,257,410</b>     |
| <b>Stockholders' Equity</b>  |                       |
| Common Stock   | 846,403               |
| Additional Paid-In Capital   | 150,152,679           |
| Accumulated Distributions and Dividends                            | (129,370,069)         |
| Accumulated Other Comprehensive Income                             | (680,939)             |
| Accumulated Earnings   | (309,045,517)         |
| <b>Total Stockholders' Equity</b>                                  | <b>(288,097,443)</b>  |
| <b>Total Liabilities and Stockholders' Equity</b>                  | <b>\$ 618,448,282</b> |

Unaudited

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

**MOR-4 – Monthly Tax Report & Post-Petition Obligations**

| <b>\$USD Actual</b>          |                                     |                                       |                       |                  |                       |                     |
|------------------------------|-------------------------------------|---------------------------------------|-----------------------|------------------|-----------------------|---------------------|
| <b>Post-Petition Taxes</b>   | <b>Beginning Tax <sup>(1)</sup></b> | <b>Amount Withheld and/or Accrued</b> | <b>Amount Paid</b>    | <b>Date Paid</b> | <b>Check # or EFT</b> | <b>Ending Tax</b>   |
| Federal Withholding & FICA   | \$ -                                | \$ 1,672,802                          | \$ (1,152,963)        | Weekly           |                       | \$ 519,839          |
| Unemployment                 | -                                   | 521                                   | (335)                 | Quarterly        |                       | 186                 |
| <b>Total Federal Taxes</b>   | <b>-</b>                            | <b>1,673,323</b>                      | <b>(1,153,298)</b>    |                  |                       | <b>520,025</b>      |
| Withholding                  | -                                   | 295,481                               | (203,162)             | Various          |                       | 92,319              |
| Sales & Use <sup>(2)</sup>   | 2,783,619                           | 2,426,418                             | (2,299,112)           | Monthly          |                       | 2,910,925           |
| Unemployment                 | -                                   | -                                     | -                     | Quarterly        |                       | -                   |
| Real Property                | 250,972                             | 130,166                               | (67,213)              | Various          |                       | 313,925             |
| <b>Total State and Local</b> | <b>3,034,591</b>                    | <b>2,852,065</b>                      | <b>(2,569,487)</b>    |                  |                       | <b>3,317,169</b>    |
| <b>Total Taxes</b>           | <b>\$ 3,034,591</b>                 | <b>\$ 4,525,388</b>                   | <b>\$ (3,722,785)</b> |                  |                       | <b>\$ 3,837,194</b> |

  

| <b>Post-Petition Debts <sup>(3)</sup></b> | <b>Current</b>       | <b>0-30</b>         | <b>31-60</b>      | <b>61-90</b>     | <b>Over 91</b>    | <b>Total</b>         |
|---|----------------------|---------------------|-------------------|------------------|-------------------|----------------------|
| Accounts Payable <sup>(4)</sup>           | \$ 4,310,745         | \$ 3,011,561        | \$ 368,962        | \$ 52,650        | \$ 103,691        | \$ 7,847,610         |
| Wages Payable                             | 1,717,776            | -                   | -                 | -                | -                 | 1,717,776            |
| Taxes Payable <sup>(5)</sup>              | 2,910,925            | -                   | -                 | -                | -                 | 2,910,925            |
| Rent/Leases-Building <sup>(6)</sup>       | 352,018              | -                   | -                 | -                | -                 | 352,018              |
| Rent/Leases-Equipment <sup>(6), (7)</sup> | 528,317              | -                   | -                 | -                | -                 | 528,317              |
| Professional Fees                         | 11,133,011           | -                   | -                 | -                | -                 | 11,133,011           |
| <b>Total Post-Petition Debts</b>          | <b>\$ 20,952,792</b> | <b>\$ 3,011,561</b> | <b>\$ 368,962</b> | <b>\$ 52,650</b> | <b>\$ 103,691</b> | <b>\$ 24,489,657</b> |

Note - schedules above include only post-peition balances and activity

<sup>(1)</sup> The Company does not book accruals related to recurring payroll taxes

<sup>(2)</sup> Sales & Use taxes paid during the reporting period relate to post petition obligations

<sup>(3)</sup> Schedule of Post-Petition Debts includes obligations incurred in the post-petition period and is subject to ongoing review and analysis

<sup>(4)</sup> Does not include unprocessed invoices and subject to further validation

<sup>(5)</sup> Represents sales & use tax accrued in the post-petition period and payable on a monthly and/or quarterly basis

<sup>(6)</sup> Represents current portion (accrued and payable within 30 days) of long term operating and capital leases

<sup>(7)</sup> Reflects capital leases for equipment

MOR-5 – Monthly AR Reconciliation and Aging

Accounts Receivable Reconciliation

|                                       | Accounts Receivable  | Comments   |
|---------------------------------------|----------------------|--|
| <b>Beginning of Month Balance</b>     | \$ 32,374,087        |  |
| PLUS: Current New Billings            | 39,018,907           | Current New Billings reflects only post-petition activity  |
| MINUS: Collections During the Month   | (36,836,033)         | Trade AR Collections do not include amounts received from Lingo of \$3.1mm in the reporting period |
| PLUS/MINUS: Adjustments or Write-offs | 638,509              | Adjustment related to goodwill credits, recurring revenue charges, refunds, etc.                   |
| <b>End of Month Balance</b>           | <b>\$ 35,195,470</b> |  |

Accounts Receivable Aging Detail

|   | 0-30 Days            | 31-60 days          | 61-90 days        | Over 90 Days <sup>(3)</sup> | Total                |
|---|----------------------|---------------------|-------------------|-----------------------------|----------------------|
| Accounts Receivable, Trade  | \$ 21,460,789        | \$ 6,904,203        | \$ 1,899,963      | \$ 4,930,515                | \$ 35,195,470        |
| Trade related Allowance for doubtful accounts <sup>(1), (2)</sup> | (361,552)            | (90,612)            | (1,160,997)       | (4,930,515)                 | (6,543,676)          |
| <b>Net Accounts Receivable, Trade</b>                             | <b>\$ 21,099,237</b> | <b>\$ 6,813,591</b> | <b>\$ 738,966</b> | <b>\$ -</b>                 | <b>\$ 28,651,794</b> |

<sup>(1)</sup> Portion of the total allowance for doubtful accounts related to AR, Trade. Included on the balance sheet in "Accounts Receivable, Other, Net of Allowance for Doubtful Accounts"

<sup>(2)</sup> Included as a memo to present Net Accounts Receivable, Trade and the reserve of Over 90 Days

<sup>(3)</sup> Represents over 65,000 mostly inactive customers. Customer portion of billing has been fully reserved while related taxes have not been reserved



MOR-6 – Summary of Officer & Insider Compensation, Personnel and Insurance

Summary of Officer or Insider Compensation <sup>(1), (2)</sup>

| Type of Payment            | Amount Paid    |                             |
|----------------------------|----------------|-----------------------------|
|                            | Current Period | Case-to-Date <sup>(3)</sup> |
| Total Payroll and Benefits | \$ 192,439     | \$ 628,502                  |

<sup>(1)</sup> Represents payments made by the debtors to persons considered to be "insiders" under the Bankruptcy Code during the reporting period. The total is shown on a cash basis, reflecting the actual amounts received, net of any applicable taxes, withholdings or other deductions. The total includes regular payroll, benefits, and fees and expense reimbursements.

<sup>(2)</sup> Persons included as "insiders" have been included for informational purposes only. The Debtors do not concede or take any position with respect to (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including, without limitation, the federal securities laws or with respect to any theories of liability or for any other purpose. Further, the inclusion of a party as an "insider" is not an acknowledgment or concession that such party is an "insider" under applicable bankruptcy law.

<sup>(3)</sup> The Debtors' first Monthly Operating Report, filed on July 21, 2019, erroneously omitted employee reimbursement fees and expenses of approximately \$3,000. This has been updated in the case-to-date for this MOR.

**MOR-6 – Summary of Officer & Insider Compensation, Personnel and Insurance**

**Confirmation of Insurance**

List all policies of insurance in effect, including but not limited to workers' compensation, liability, fire, theft, comprehensive, vehicle, health and life.

For the first report, attach a copy of the declaration sheet for each type of insurance.

For subsequent reports, attach a certificate of insurance for any policy in which a change occurs during the month (new carrier, increased policy limits, renewal, etc.).

| Agent and/or Carrier                | Policy Number   | Coverage Type                           | Expiration Date <sup>(1)</sup> | Comments |
|-------------------------------------|-----------------|---|--------------------------------|----------|
| Argonaut Insurance Company          | ML4209073-0     | Primary D&O                             | 06/30/20                       |          |
| RSUI Indemnity Company              | NHS676653       | D&O- 1st excess                         | 06/30/20                       |          |
| Canopus Insurance Services          | EXN CUA10047-00 | D&O- 2nd excess                         | 06/30/20                       |          |
| Nationwide Mutual Insurance Company | XMF1803504      | D&O- 3rd excess                         | 06/30/20                       |          |
| AmTrust International Underwriters  | EUC1001828 00   | D&O- Side A DIC only                    | 06/30/20                       |          |
| Hiscox, Inc.                        | UC22276639.18   | Crime                                   | 06/30/20                       |          |
| Argonaut Insurance Company          | ML 4209155-0    | Fiduciary - Primary                     | 06/30/20                       |          |
| Travelers Insurance                 | 106936570       | Fiduciary - Excess                      | 06/30/20                       |          |
| Argonaut Insurance Company          | ML 4209154-0    | Employment Practices Liability          | 06/30/20                       |          |
| Chubb Group of Insurance Companies  | 8250-1110       | Kidnap & Ransom                         | 06/30/20                       |          |
| C.N.A. Insurance                    | 6072940718      | Property                                | 06/30/20                       |          |
| Lloyd's of London                   | B0507XEQ3429018 | Terrorism-Property                      | 06/30/20                       |          |
| C.N.A. Insurance                    | 6072590734      | General Liability                       | 06/30/20                       |          |
| C.N.A. Insurance                    | 6072590748      | Automobile                              | 06/30/20                       |          |
| C.N.A. Insurance                    | WC 6 71914816   | Workers Compensation (CA)               | 06/30/20                       |          |
| C.N.A. Insurance                    | WC 6 71960288   | Workers Compensation (all other states) | 06/30/20                       |          |
| C.N.A. Insurance                    | 6072590779      | Umbrella                                | 06/30/20                       |          |
| C.N.A. Insurance                    | 623428880       | Foreign Policy                          | 06/30/20                       |          |
| Axis Insurance Company              | P00100003574701 | Digital Risk                            | 06/30/20                       |          |
| AIG / National Union Fire Insurance | GTP 9152007     | Business Travel Accident                | 08/24/22                       |          |

The following lapse in insurance coverage occurred this month:

| Policy Type | Date Lapsed | Date reinstated | Reason for Lapse |
|-------------|-------------|-----------------|------------------|
|-------------|-------------|-----------------|------------------|

**No policies lapsed in the reporting period**

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-7 – Payments to Estate Professionals

| \$USD Actual               |  | Current Period                   |                     | Case-to-Date |                  |
|----------------------------|--|----------------------------------|---------------------|--------------|------------------|
| Name                       | Date of Court Order<br>Authorizing Payment | Amount Authorized <sup>(1)</sup> | Amount Paid         | Total Paid   |                  |
| Weil, Gotshal & Manges LLP | n/a  | 1,439,957                        | 1,439,957           | \$           | 1,439,957        |
| PJT Partners               | n/a  | –                                | –                   |              | –                |
| FTI Consulting             | n/a  | 754,867                          | 754,867             |              | 1,508,996        |
| Prime Clerk                | n/a  | 141,994                          | 141,994             |              | 1,434,295        |
| PWC                        | n/a  | 351,756                          | 351,756             |              | 351,756          |
| Kelley Drye                | n/a  | 349,999                          | 349,999             |              | 688,623          |
| Cooley LLP                 | n/a  | 699,773                          | 699,773             |              | 699,773          |
| AlixPartners, LLP          | n/a  | 359,683                          | 359,683             |              | 359,683          |
| <b>Total</b>               |  | <b>\$ 4,098,031</b>              | <b>\$ 4,098,031</b> | <b>\$</b>    | <b>6,483,084</b> |

<sup>(1)</sup> “Amount Authorized” represents the amounts approved for payment pursuant to the order establishing procedures for interim compensation and reimbursement

In re: Fusion Connect, Inc. et al.

Case No.: 19-11811 (SMB) (Jointly Administered)  
Period from: September 1, 2019 to September 30, 2019

MOR-8 – Calculation of U.S. Trustee Quarterly Fee

| \$USD Actual                         |             | Current Period                     |                   | US Trustee Fees Incurred |                     |  |
|--------------------------------------|-------------|------------------------------------|-------------------|--------------------------|---------------------|--|
| Debtor Name                          | Case Number | Total Disbursements <sup>(1)</sup> | Current Period    | Quarter-to-Date          | Case-to-Date        |  |
| Fusion Connect, Inc.                 | 19-11811    | \$ 39,239,874                      | \$ 250,000        | \$ 750,000               | \$ 889,117          |  |
| Fusion Telecom of Texas Ltd., L.L.P. | 19-11812    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Communications, LLC           | 19-11815    | 4,453                              | 325               | 975                      | 1,300               |  |
| Fusion PM Holdings, Inc.             | 19-11816    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Management Services LLC       | 19-11817    | –                                  | 325               | 975                      | 1,300               |  |
| Bircan Holdings, LLC                 | 19-11818    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Telecom of Missouri, LLC      | 19-11819    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Telecom of Oklahoma, LLC      | 19-11820    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Telecom of Kansas, LLC        | 19-11822    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Texas Holdings, Inc.          | 19-11813    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Telecom, LLC                  | 19-11824    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion CB Holdings, Inc.             | 19-11825    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Cloud Services, LLC           | 19-11814    | 31,255                             | 650               | 1,950                    | 2,925               |  |
| Fusion BCHI Acquisition LLC          | 19-11827    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion LLC                           | 19-11828    | 1,315,604                          | 13,156            | 55,898                   | 56,548              |  |
| Fusion NBS Acquisition Corp.         | 19-11829    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion Cloud Company LLC             | 19-11830    | 1,330,170                          | 13,302            | 62,689                   | 63,014              |  |
| Fusion MPHC Group, Inc.              | 19-11831    | –                                  | 325               | 975                      | 1,300               |  |
| Fusion MPHC Holding Corporation      | 19-11832    | –                                  | 325               | 975                      | 1,300               |  |
| <b>Total</b>                         |             | <b>\$ 41,921,356</b>               | <b>\$ 281,983</b> | <b>\$ 885,161</b>        | <b>\$ 1,031,104</b> |  |

<sup>(1)</sup> "Total Disbursements" as defined on MOR-1

**MOR-9 – Significant Developments During Reporting Period**

Information to be provided on this page, includes, but is not limited to: (1) financial transactions that are not reported on this report, such as the sale of real estate; (2) non-financial transactions, such as the substitution of assets or collateral; (3) modifications to loan agreements; (4) change in senior management, etc. Attach any relevant documents.

| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. |  | Yes              | No |
|---|--|------------------|----|
| 1.  | Have any assets been sold or transferred outside the normal course of business this reporting period?  |                  | X  |
| 2.  | Have any funds been disbursed from any account other than a debtor in possession account this reporting period?  |                  | X  |
| 3.  | Is the Debtor delinquent in the timely filing of any postpetition tax returns?   |                  | X  |
| 4.  | Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? |                  | X  |
| 5.  | Is the Debtor delinquent in paying any insurance premium payment?  |                  | X  |
| 6.  | Have any payments been made on prepetition liabilities this reporting period?  | X <sup>(1)</sup> |    |
| 7.  | Are any postpetition receivables (accounts, notes or loans) due from related parties or affiliates?  | X <sup>(2)</sup> |    |
| 8.  | Are any postpetition payroll taxes past due?   |                  | X  |
| 9.  | Are any postpetition State or Federal income taxes past due?   |                  | X  |
| 10.   | Are any postpetition real estate taxes past due?   |                  | X  |
| 11.   | Are any other postpetition taxes past due?   |                  | X  |
| 12.   | Have any prepetition taxes been paid during this reporting period?   | X <sup>(1)</sup> |    |
| 13.   | Are any amounts owed to postpetition creditors delinquent?   | X <sup>(3)</sup> |    |
| 14.   | Are any wage payments past due?  |                  | X  |
| 15.   | Have any postpetition loans been received by the Debtor from any party?  | X <sup>(4)</sup> |    |
| 16.   | Is the Debtor delinquent in paying any U.S. Trustee fees?  |                  | X  |
| 17.   | Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?  |                  | X  |
| 18.   | Have the owners or shareholders received any compensation outside of the normal course of business?  |                  | X  |

<sup>(1)</sup> All disbursements related to pre-petition obligations have been deemed allowable per the approved orders

<sup>(2)</sup> The Company has postpetition receivables due from its non-controlled affiliate, Lingo

<sup>(3)</sup> Payment of some post-petition liabilities has been delayed due to system issues. The Company is working with its accounting software provider to bifurcate pre/post petition liabilities

<sup>(4)</sup> Please refer to Global Note #6